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PROSECUTING ATTORNEY

MEMORANDUM

DATE: May 15, 2003
TO: Board of County Commissioners and County Administrator
FROM: Bronson Potter
SUBJECT: The authority of PFD's to impose taxes

Question: What authority do public facility districts ("PFDs) have to impose taxes?

Answer: Any municipal corporation only has the authority to impose taxes as authorized by the state legislature. The following is a listing of the authority that has been granted to PFD's.

County PFD's:

- **Lodging tax:** With voter approval, a county PFD may impose an excise tax on lodging at hotels and motels having 40 or more rooms. The required voter approval is by a simple majority of the voters within the PFD. The rate of the tax cannot exceed 2 per cent. Additionally, the tax cannot be imposed if it results in the combined rate of all taxes on lodging, within any jurisdiction of the PFD, exceeding eleven and one-half per cent. See RCW 36.100.040.
Currently, there is no room to impose this tax in Clark County. The combined rate of sales and existing lodging tax is 11.7 per cent.
- **Ad Valorem tax:** With voter approval, a county PFD may impose an excess levy on property within the PFD for operating or capital purposes for a one-year period. See RCW 36.100.050. Also, an excess levy may be imposed, without the one-year limitation, for the retirement of voter-approved general obligation bonds issued for capital purposes only. The required voter approval is a three-fifths majority of the voters in the PFD when the number of voters exceeds 40% of the number in the last general election. Wash. Const. Art. VII Sect. 2.

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ALL PFD'S:

- **Admissions tax:** A county, city or city-county PFD can impose an admissions tax up to five per cent on admission charges to a regional center. See RCW 36.100.210 and 35.57.100.
- **Parking tax:** A county, city or city-county PFD can charge a tax up to ten per cent on parking charges to park in any regional center parking facility. See RCW 36.100.220 and 35.57.110.
- **Sales and Use Tax:** With voter approval, a county, city or a city-county PFD can impose a sales and use tax up to two-tenths of a per cent (2 cents per ten dollars of selling price). The required voter approval is by a simple majority of the voters within the PFD. See RCW 82.14.048.
- **Sales and Use Tax – qualified regional center:** As discussed in the staff report of July 16,2002, a county, city or city-county PFD can receive a portion (.033 per cent of selling price) of the sales and use tax that would otherwise go to the Department of Revenue. This is accomplished by having the PFD impose this tax which is then deducted from the amount of tax otherwise required to be paid to DOR. To qualify a project must cost at least \$10 million (including debt service); commence construction by 1/1/04; and have a 33% match from other public or private sources.